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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Implementation of the Cable)
Television Consumer Protection)
and Competition Act of 1992)

MM Docket No. 92-260

**COMMENTS OF THE CONSUMER ELECTRONICS GROUP
OF THE ELECTRONIC INDUSTRIES ASSOCIATION**

The Consumer Electronics Group of the Electronic Industries Association ("EIA/CEG") hereby responds to the Notice of Proposed Rulemaking ("Notice") in which the Commission seeks comments on rules for cable home wiring, as contemplated by the Cable Television Consumer Protection and Competition Act of 1992.¹ The Notice seeks to implement the congressional directive that the Commission "prescribe rules concerning the disposition, after a subscriber to a cable system terminates services, of any cable installed by the cable operator within the premises of such subscriber."² EIA/CEG welcomes the opportunity to discuss this issue and other closely related subjects which are germane to the formulation of public policies in this area.

¹/ Pub.L. No. 102-385, 102 Stat. 1460 (1992) ("1992 Cable Act").

²/ 1992 Cable Act at § 16(d), to be codified at 47 U.S.C. § 544(i).

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I. INTRODUCTION AND INTEREST OF EIA/CEG

EIA/CEG represents the consumer electronics industry, an industry that provides the American public with televisions, radios, videocassette recorders and videocameras, compact disc players, and a wide variety of other products. Our membership includes most major consumer electronics manufacturers, as well as many smaller companies that produce, import, distribute, sell, and service electronics products. EIA/CEG has long played an active role in deliberations involving the interrelationships between video consumer equipment (such as TVs and VCRs) and cable television systems.³ Of equal relevance to this proceeding, EIA/CEG has devoted considerable resources in recent years to the development of standards for home automation systems, through a project known as the Consumer Electronics Bus ("CEBus").⁴

CEBus is a multi-faceted model for electronic services for the home, which is intended to standardize communications between home appliances and thereby to enable

3/ This includes such matters as (1) the "multiport" developed under the joint auspices of EIA and the National Cable Television Association, (2) the Cable Television Channel Identification Plan (EIA/IS6), (3) the Commission's recent proceedings on technical standards for cable television systems, and (4) the provision which became Section 17 of the 1992 Cable Act.

4/ CEBus is a registered service mark of the EIA.

the development and deployment of a wide variety of home automation capabilities. The CEBus framework facilitates the interconnection of such appliances as lighting controls, security devices, telephones, energy management systems, televisions, VCRs, cameras, and other video appliances. The CEBus standard includes provisions for various media, including twisted pair, power line, infrared, fiber optic, and coaxial cable.⁵

The coaxial cable portion of the standard (sometimes referred to as "CXBus") makes provisions for the distribution within the home of signals originating outside the home, such as from a cable system, MMDS antenna, or satellite dish. It also allows for the distribution of signals originating within the home, for example, from a security camera, or a VCR which is being connected to two different television sets. Importantly, CXBus is an open system, in contrast to other systems which are proprietary.

The lengthy and dedicated efforts of consumer electronics manufacturers, utility and telephone companies, entrepreneurs and other participants in the CEBus project

^{5/} The power line aspects of the standard were considered by the Commission in some detail in a recent proceeding. See Amendment of Part 15 to Enable the Widespread Implementation of Home Automation and Communication Technology, 7 FCC Rcd 4476 (1992). In that proceeding, the Commission demonstrated an understanding that home automation technologies have the capacity to enhance the quality of life for millions of Americans.

are testament to their high expectations for the potential utility of, and market growth in, the home automation context. A necessary precondition for full realization of this potential is customer control of the transmission media within the home.

II. DISCUSSION

The specific congressional directive which caused the initiation of this proceeding focuses solely on the need to develop rules governing the "disposition, after a subscriber to a cable system terminates service, of any cable installed by the cable operator within the premises of such subscriber." The Commission has wisely asked a variety of questions that go beyond this particular question, as well as others which are subsidiary to it. EIA/CEG agrees that it is timely to review the full range of cable home wiring issues,⁶ and we commend the Commission for conducting a broad inquiry.

Of course, some questions can best be answered, in the first instance, at least, by cable operators. They are the ones who know best the manner in which they now account for investment in in-home wiring, the manner in which they

^{6/} The Commission uses the term cable home wiring to mean "only the cable itself and not any active elements such as amplifiers, decoder boxes, or similar apparatuses." Notice at ¶ 2 n.4. For purposes of these comments, we use the term in the same manner.

have historically recovered those costs, and the manner in which they currently deal with the wiring of subscribers who terminate their cable service (or whose service is terminated). They are the ones best equipped to describe any relevant provisions of local franchise agreements and local property laws.

The policies established by the Commission, however, need not be constrained by the past patterns of behavior of the cable industry; Section 16(d) of the 1992 Cable Act expressly requires a fresh look at cable home wiring practices. As new rules are formulated, of course, the Commission's efforts should be directed toward promoting the best interests of consumers.

In this regard, EIA/CEG believes the Commission should give considerable weight to the evolution of policies in an analogous context, that is, in the case of telephone wiring and customer-premises equipment. The Commission has long sought to promote competition in these areas, and to do so it has steadily pushed the "network demarcation" toward the point at which the telephone company's facilities enter the consumer's premises.⁷ Inside wiring is now deregulated

7/ Review of Sections 68.104 and 68.213 of the Commission's Rules Concerning Connection of Simple Inside Wiring to the Telephone Network, 5 FCC Rcd 4686, 4692-93 (1990)(petitions for reconsideration pending)(regulated telephone network ends, and unregulated customer-premises environment begins, at point within 12 inches of the point of entry to customer's premises). See also Petitions Seeking Amendment of Part 68, (Footnote 7 continued on next page)

and can be installed and maintained by a multiplicity of suppliers. The telephone companies may participate in this market, but only on an unregulated, competitive basis.

EIA/CEG sees no reason why this model cannot be employed in (or adapted to) the cable environment. By allowing for consumers to own or lease their own cable home wiring, this approach would enable users to control the quality, configuration, and usage of their own wiring, with all the resulting benefits. For example, allowing for consumer ownership of cable wiring would make it easier to shift from cable service to an alternative video distribution service⁸ or vice versa (or to use two such services simultaneously). Establishment of a single point of transference between the cable service and the consumer's in-home environment could also simplify resolution of existing compatibility problems resulting from the use of

(Footnote 7 continued from previous page)

94 FCC 2d 5, 23 n.27 (1983)("direct connection" principle extended to all present and future digital services, circuits, and facilities), aff'd on reconsideration, FCC 84-145 (Apr. 27, 1985); Integrated Services Digital Networks, 98 FCC 2d 249, 261-62 (1984)(demarcation for ISDN located at "U" reference point).

8/ Since it is rare for one cable system to compete with another for the right to serve any particular location, facilitating competition between different delivery media is the best way to increase consumer choice, generate downward pressure on prices, and stimulate improvements in service quality.

cable scrambling, encoding, and encryption technologies.⁹ In addition, a demarcation at the point of entry would tend to ensure that costs of any particular home wiring installation are more precisely assigned to the particular customer who causes those costs to be incurred.¹⁰

EIA/CEG also believes that adoption of this approach would increase the chances for consumers to reap the potential benefits of the CXBus. The CXBus topology contemplates dual coaxial cables in a single premise, and both economic and aesthetic considerations suggest that they should be installed and maintained together, not separately. This could be done by a contractor, a cable company, a talented "do-it-yourselfer," or by someone else. The subscriber would choose, just as is done today in the case of inside wiring for telephone service.¹¹

⁹/ The Congress has instructed the Commission to investigate and report "on means of assuring compatibility between televisions and video cassette records and cable systems, so that cable subscribers will be able to enjoy the full benefit of both the programming available on cable systems and the functions available on their televisions and [VCRs]." 1992 Cable Act at § 17.

¹⁰/ This would (1) enable users to seek a higher quality of installation if they are willing to pay for it and (2) reduce various subsidies (such as from one subscriber to another, or from recurring service charges to nonrecurring installation expenses) that may be inherent in the present system.

¹¹/ It might also be noted that a similar approach is used in the case of in-house power lines. Consumers can handle certain wiring tasks themselves and call on electricians to tend to others. One need not employ the power company to add a switch or move an outlet.

The logic of applying the telephone model is made increasingly powerful by recent regulatory, technical, and marketplace developments. The Commission has recently authorized telephone companies to provide "video dial tone,"¹² and at least one major telephone company has recently demonstrated a technology for doing so over its existing wiring.¹³ For their part, cable companies have shown a strong interest in providing two-way, switched communications services.¹⁴ Numerous cross-industry alliances have been announced, and market definitions are blurring. Compression and digitization technologies are increasingly being employed in both the telephone and cable environments.

In short, having introduced competition and deregulation to the in-house twisted pairs used for telephony, the Commission should develop similar policies for the in-house coaxial cables used for cable service. To be sure, there will be various practical issues to address. For example, provisions may need to be made for amortization of existing investment; technical standards prescribed for

^{12/} Telephone Company-Cable Television Cross-Ownership Rules, 7 FCC Rcd 5781 (1992).

^{13/} News Release, "Bell Atlantic Plans Test of Video-On-Demand Capability (Oct. 21, 1992)

^{14/} For example, some cable companies have been among the leading participants in the development of "Personal Communications Services."

cable system operators may need to be adjusted to reflect the new point of demarcation; and issues of signal leakage may also need to be reviewed. As in the case of telephony, these issues should prove susceptible to reasonable -- and prompt -- solutions if all parties approach the matter constructively and cooperatively. EIA/CEG is willing to participate in developing these solutions.

The necessary first step is to establish the policy objective. In EIA/CEG's judgment, the primary objective should be maximization of consumer welfare through promotion of competition. Establishing a point of reference at the entry to the customer's premises will lay the foundation for competition in the provision of cabling services, facilitate consumer choice among competitive video delivery media, and encourage further growth in home automation capabilities through systems such as the Consumer Electronics Bus.

III. CONCLUSION

EIA/CEG welcomes the opportunity to offer these initial comments. We will look with interest on the comments submitted by other parties and to share additional views as the regulating process continues.

Respectfully submitted,

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December 1, 1992